

## Message Text

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PAGE 01 BOGOTA 10355 231559Z

47

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 CU-02 AGR-05 SWF-01 FEA-01 PA-01 PRS-01 USIA-06

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R 222143Z NOV 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 5850

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

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E O 11652 NA

TAGS PINT ECON CO

SUBJ: LOPEZ REVIEW FIRST HUNDRED DAYS

REF BOGOTA 10091

1. BEGIN SUMMARY. PRES LOPEZ IN A NATIONALLY TELEVISED SPEECH ON NOV 20 REVIEWED HIS ADMIN TO DATE. HE STATED THAT HE WAS SATISFIED WITH THE FIRST HUNDRED DAYS AND PROMISED COLOMBIA A NEW SOCIETY WITH CHANGE AFFECTING EVERYTHING FROM THE NATION'S CURRENCY TO ITS MORALITY. ALTHOUGH MUCH OF WHAT HE SAID HAD BEEN STATED BEFORE, PARTICULARLY IN HIS REPORT TO CONGRESS ON THE ECONOMIC EMERGENCY (REFTEL), SOME NEW SPECIFICS DID EMERGE, PARTICULARLY IN THE ECONOMIC FIELD. END SUMMARY.

2. THE PRES REAFFIRMED HIS INTENTION TO BRING AOOOT CHANGES IN COLOMBIA'S SOCIETY. HE SAID THAT THE ELECTION HAD PROVED THAT THE PEOPLE WANTED CHANGE. HE STATED THAT THE CHANGES EFFECTED BY

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PAGE 02 BOGOTA 10355 231559Z

HIS ADMIN WOULD PROVIDE THE NATION WITH A LONG PERIOD OF TRAN-

QUILITY AND SOCIAL EQUILIBRIUM.

3. LOPEZ POINTED OUT THE ENHANCED ROLE OF WOMEN IN COLOMBIAN PUBLIC LIFE, AS PERSONIFIED BY LABMIN MARIA ELENA DE CROVO AND BY THE SIX WOMEN WHO NOW SERVE AS DEPARTMENTAL GOVERNORS. THE PRES SPOKE OF A CLIMATE OF FREEDOM IN COLOMBIA TODAY. HE CITED AS EXAMPLES THE EQUAL FOOTING AFFORDED TO VARIOUS RELIGIONS (ON THE SAME EVENING THE CONGRESS FINISHED RATIFICATION OF THE NEW CONCORDAT WITH THE HOLY SEE), AND OF THE LEGAL STATUS HIS ADMIN HAD AFFORDED THE CSTC, THE COMMUNIST LAB ORG.

4. IN REGARD TO THE UNIVERSITIES, LOPEZ SPOKE OF A NEW ATMOSPHERE AND POINTED OUT THE PRESENT ABSENCE OF MIL PATROLS AT THE NATIONAL UNIV. HE REFUTED THE ASSERTIONS OF SOME CRITICS WHO CLAIM THAT THE UNIVERSITIES HAD FALLEN INTO THE HANDS OF EXTREMISTS. LIBERTY, HE SAID, CONSISTS OF TOLERATING OPINIONS DISTINCT FROM ONES OWN.

5. THE PRES STATED THAT HE HAD FULFILLED HIS PLEDGE TO HONOR THE PARITY PROVISION OF THE CONSTITUTION, UNDER WHICH THE CONSERVATIVE PARTY IS ENTITLED TO HALF OF ALL APPOINTIVE GOVT POSITIONS DURING THE 74-78 PERIOD.

6. LOPEZ BRIEFLY REVIEWED IN FAMILIAR TERMS STEPS TAKEN DURING ECONOMIC EMERGENCY SUCH AS REDUCTIONS IN GOVT EXPENDITURES, REVISION OF TAX LAWS AND MODIFICATIONS TO SAVINGS INSTRUMENTS (UPAC, ETC), JUSTIFYING THESE MEASURES IN TERMS OF PROMOTING SOCIAL PROGRESS, CURBING INFLATION AND GENERATING REVENUES TO MEET MASSIVE DEFICITS AND OBLIGATIONS LEFT BY THE PASTRANA ADMIN. MORE SIGNIFICANT COMMENTS CONCERNED PRICES, COFFEE, NATURAL RESOURCES AND EXPORTS.

7. DESCRIBING THE SITUATION AS A MINE FIELD, LOPEZ POINTED OUT THAT HE WAS PRESENTED WITH A FAIT ACCOMPLI ON ENTERING OFFICE IN THAT PRICE INCREASES FOR MANY ITEMS HAD BEEN AUTHORIZED SHORTLY PRIOR TO AUG 7, INCLUDING SEVERAL INCREASES PUT INTO EFFECT ON AUG 6. ON THE OTHER HAND, HE STATED THAT PRICES SET AT ARTIFICIALLY LOW LEVELS, AS HAD BEEN THE CASE WITH MILK PURCHASED BY THE GOVT AND TIRES FOR TRUCKS AND BUSES, INEVITABLY LED TO SHORTAGES AS PRODUCERS CONCENTRATED ON MORE PROFITABLE LIMITED OFFICIAL USE

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PAGE 03 BOGOTA 10355 231559Z

LINES. (COMMENT: LOPEZ APPEARS TO HAVE BACKED AWAY FROM PRICE CONTROL AS A MAJOR ANTI INFLATIONARY TOOL AND TO HAVE LEFT THE DOOR OPEN TO FURTHER PRICE INCREASES, PARTICULARLY IN SITUATIONS OF SHORT SUPPLY.)

8. IN RESPONSE TO CRITICISMS THAT THE GOVT HAD SOLD OUT TO FORN INTERESTS IN THE GUAJIRA NATURAL GAS (TEXACO) AND CERROMATOSO NICKEL (HANNAH) DEALS, LOPEZ STRESSED THAT CONTRACTS WERE FULLY

CONSISTENT WITH COLOMBIAN LAWS AND PRACTICES AND HAD BEEN THE SUBJECT OF CAREFUL STUDY. HE NOTED HIS CAMPAIGN PROMISE TO MOVE FORWARD WITH CERROMATOSO AND ADDED THAT CHANGES IN THE NATURAL GAS LAW WERE A RESULT OF PRESSURE FROM ECOPETROL RATHER THAN TEXACO. HE CONCLUDED THAT BOTH PROJECTS WERE IN THE BEST INTERESTS OF THE COUNTRY.

9. LOPEZ DESCRIBED PROSPECTS FOR COFFEE AS THE "BRIGHTEST IN YEARS," DUE IN LARGE PART TO VENEZUELAN FINANCING SCHEME RESULTING FROM JOINT COLOMBIAN/MEXICAN/VENEZUELAN EFFORTS. (COMMENT: LOPEZ' OPTIMISTIC EVAL OF COFFEE PROSPECTS IS CONTRARY TO EARLIER GOC PREDICTIONS OF A SIGNIFICANT DECREASE IN COFFEE EARNINGS.)

10. LOPEZ REPORTED THAT 85 PERCENT OF THE NON-TRADITIONAL EXPORTS WERE HOLDING THEIR OWN IN WORLD MARKETS IN SPITE OF THE ELIMINATION OR REDUCTION OF THE CAT (WHICH HE TERMED AS OBSOLETE INCENTIVE.) HE PROMISED TO MAINTAIN THE COMPETITIVENESS OF THESE EXPORTS THROUGH OTHER INCENTIVES SUCH AS IMPROVED FINANCING AND ASSISTANCE WITH FREIGHT COSTS.

11. COMMENT: INITIAL REACTION TO THE SPEECH, BOTH IN THE PRESS AND AMONG THE GENERAL PUBLIC HAS BEEN FAVORABLE. LOPEZ, PROBABLY INEVITABLY, LOST SOME SUPPORT AFTER HE LAUNCHED HIS FIRST MAJOR PACKAGE OF PROGRAMS. AS THE ADMIN MOVES TO REFINE AND IMPLEMENT THOSE PROGRAMS, LOPEZ' LEVEL OF SUPPORT APPEARS TO HAVE STABILIZED AND POSSIBLY TO HAVE IMPROVED. GIVEN THE TRADITIONAL CHARACTER OF COLOMBIAN SOCIETY, THE PRES HAS REASON TO BE SATISFIED WITH THE CHANGES THAT HIS ADMIN HAS BROUGHT ABOUT DURING HIS FIRST HUNDRED DAYS IN OFFICE. SOME OF THE EFFECTS, PARTICULARLY THOSE THAT WILL RESULT FROM THE REVISED INCOME AND INHERITANCE TAX SCHEDULES WILL BECOME MORE APPARENT WITH THE PASSAGE OF TIME. OTHERS, SUCH AS THE UPDATING OF WOMEN'S POSITION IN COLOMBIAN SOCIETY WILL HAVE MORE IMMEDIATE IMPACT. LOPEZ DESCRIBED THE LIMITED OFFICIAL USE

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PAGE 04 BOGOTA 10355 231559Z

ECONOMY AS BASICALLY SOUND, AND SPOKE OPTIMISTICALLY OF FUTURE ECONOMIC PROSPECTS. WE TEND TO AGREE WITH HIS EVAL. THERE REMAINS, HOWEVER, A GREAT DEAL TO BE DONE IN PUTTING TOGETHER A COHERENT PACKAGE THAT WILL STIMULATE BALANCED GROWTH IN THE EXPORT, AGRICULTURAL AND MANUFACTURING SECTORS WITHOUT CONTRIBUTING TO THE INFLATIONARY SPIRAL. WHITE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, PRESIDENT, POLITICAL SITUATION, EMERGENCY PLANNING, SPEECHES  
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**Copy:** SINGLE  
**Draft Date:** 22 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Handling Restrictions:** n/a  
**Reference:** BOGOTA 10091  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 11 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <11 SEP 2002 by elyme>; APPROVED <13 MAR 2003 by CollinP0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LOPEZ REVIEW FIRST HUNDRED DAYS  
**TAGS:** PINT, ECON, CO, (LOPEZ)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005